

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 750 - HB 809

April 18, 2016

SUMMARY OF ORIGINAL BILL: Requires the Department of Economic and Community Development to submit the annual report regarding the Tennessee job skills program to the Office of Legislative Budget Analysis, in addition to the Finance, Ways and Means Committees of the Senate and House of Representatives. Authorizes such report to be submitted electronically.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENTS (012952, 015988): Amendment 012952 deletes all language of the bill. Creates the Aeronautics Economic Development Fund, composed of funds appropriated by the General Assembly and gifts, grants, and other donations. Authorizes grants from the Fund to be made in all counties where the Commissioner of the Department of Transportation (TDOT) determines that such grants will have a direct impact on employment and investment opportunities in the future. Authorizes such grants to be made only to local governments or their economic development organizations, other political subdivisions of the state, including airport authorities, or any subdivision of state government. Authorizes such grants to be used to facilitate economic development activities related to aeronautics and related programs and activities. Authorizes TDOT to use up to five percent of money appropriated to the Fund in any given year to offset the cost of program administration, marketing expenses, and program evaluation.

Amendment 015988 adds language to the bill as amended by amendment 012952 to (1) authorize the Tennessee Wildlife Resources Agency (TWRA) to make expenditures from the Wetland Acquisition Fund for the purpose of acquiring certain upland hardwood forests located in Morgan County, including lands adjacent thereto, in addition to acquiring wetlands and bottomland hardwood forests, and (2) authorize the Wetland Acquisition Fund to be used for maintenance and enhancement of state-owned property that is under TWRA's jurisdiction, instead of just maintenance of property acquired pursuant to the U.A. Moore Wetlands Acquisition Act.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

**Increase State Expenditures – Exceeds \$500,000/FY17-18 and Subsequent Years/
Aeronautics Economic Development Fund**

Increase Local Revenue – Exceeds \$500,000/FY17-18 and Subsequent Years

Other Fiscal Impact – To the extent the Tennessee Wildlife Resources Agency purchases the specified property as authorized under this bill as amended, there will be a one-time shift of the funding source for such purchase as the state expenditures, in the amount of approximately \$1,500,000, will be made out of the Wetland Acquisition Fund instead of the Wildlife Resources Fund. There will also be a recurring increase in state expenditures of approximately \$4,000 from the Wetland Compensation Fund for payments in lieu of taxes to the local government, and an equivalent increase in local government revenue. Federal reimbursement in the amount of \$1,500,000 will be deposited in the Wildlife Resources Fund, regardless of the funding source for the property purchase.

To the extent the Agency maintains and enhances state-owned property using Wetland Acquisition Fund, in addition to maintenance and enhancement of currently authorized property, there will be a recurring increase in state expenditures from the Fund. Due to multiple unknown factors, the timing and extent of any such increase cannot be quantified with reasonable certainty.

Assumptions for the bill as amended:

- There are no funds appropriated in the Governor's proposed budget for FY16-17 for the purposes of making grants from the Aeronautics Economic Development Fund. It is assumed that no expenditures will be made for establishing and implementing the program in FY16-17.
- The amount of funding that will be necessary in FY17-18 and subsequent years to successfully accomplish the intent and requirements of such program is unknown. However, it is reasonably estimated that at least \$500,000 will be expended annually by TDOT to implement the program and to provide grants to authorized entities to facilitate economic development activities related to aeronautics and related programs and activities.
- Currently TWRA is authorized to acquire wetlands and bottomland hardwood forests to ensure proper management of such areas using funding derived from a portion of the property transfer tax that is deposited in the Wetland Acquisition Fund.
- According to TWRA, such funding was equal to \$8,644,844 in FY12-13, \$10,247,184 in FY13-14, and \$11,709,427 in FY14-15. Expenditures from the Fund for acquisition and maintenance of such areas were \$5,854,679 in FY12-13, \$5,538,964 in FY13-14, and \$11,226,729 in FY14-15.
- TWRA is authorized to acquire other property using funding from the Wildlife Resources Fund.

- The proposed bill as amended would authorize TWRA to use funds from the Wetland Acquisition Fund to acquire certain property in Morgan County. TWRA reports that the purchase price of the property is approximately \$1,500,000, which represents 75 percent of the appraised value, qualifying the acquisition for 100 percent reimbursement from federal funds.
- According to TWRA, the Agency will acquire such property in the absence of this bill. If such property is acquired in the absence of this bill, the expenditures would be made out of the Wildlife Resources Fund, and the federal reimbursement would be deposited in the same Fund. Further, payments in lieu of taxes for the property would not be made.
- If such property is acquired pursuant to this bill, the expenditures would be made out of the Wetland Acquisition Fund, and the federal reimbursement would be deposited in the Wildlife Resources Fund. Further, payments in lieu of taxes, estimated to be approximately \$4,000 per year, would be made out of the Wetland Compensation Fund to offset any loss of local property tax revenue.
- The proposed bill as amended would also authorize TWRA to use funds from the Wetland Acquisition Fund for maintenance and enhancement of state-owned property that is under TWRA's jurisdiction, instead of just maintenance of property acquired pursuant to the U.A. Moore Wetlands Acquisition Act, expanding the list of properties eligible for such expenditures from the Fund.
- It is assumed that TWRA currently uses such funds for "enhancement" of acquired property, in addition to property "maintenance".

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Increase Business Revenue – Exceeds \$300,000/FY17-18 and Subsequent Years

Assumptions for the bill as amended:

- Grants from the Fund will be used by authorized entities to facilitate economic development activities related to aeronautics and aeronautics related programs and activities. It is assumed that private sector businesses will be utilized to provide assistance and administration of such programs and activities.
- As a result, business revenue is estimated to increase by a minimum of \$300,000 per year.
- Grants will be made only in counties where the Commissioner of TDOT determines that such grants will have a direct impact on employment and investment opportunities in the future. However, any such direct impact on employment and future investments cannot be quantified with reasonable certainty.
- Authorizing TWRA to acquire lands, other than wetlands and bottomland hardwood forests, will not have a significant impact on the commerce in the state.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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